REMARKS

Applicant appreciates the suggestions offered by the Examiner to put claims 5-8 and 15-16 in condition for allowance. Each of those claims has been rewritten in accordance with the instructions provided in the present office action.

Regarding the '366 patent, the permanent magnet (not illustrated) is located *inside* member 25 (col.5, lines 5-6), which is adjacent to the shaft 22. Thus, only one gap (the micro-gap mentioned in col.5, line 8) exists between the magnet and the shaft 22. Moreover, the lower portion of the shaft 22 is completely exposed to the magnet since the inner cylindrical portion of the hub 24 does not extend all the way to the bottom of portion 24a. In contrast, claim 1 specifically states, "the second gap reduces magnetic flux leakage into the sleeve and a substantially negligible amount of flux crosses the first gap into the shaft." Applicant's Figure 4 clearly shows the magnet 39 is external to the spindle assembly and the two gaps. This requirement is impossible for the '366 patent to satisfy since the magnet is internal, there is only one gap, and the shaft is exposed. In addition, Claim 1 also requires the second gap to be "larger than the first gap." Like the preceding elements, this requirement is not taught or suggested by the prior art. Thus, claim 1 and its dependent claims are allowable.

Similarly, independent method claim 12 now requires "a rotor magnet radially external to the shaft, sleeve, hub, and both gaps" so that magnetic flux leakage into the sleeve can be reduced with the gap so that "a substantially negligible amount of flux crosses the fluid bearing gap into the shaft." The prior art cannot satisfy these requirements for the same reasons stated above. Thus, claim 12 and its progeny are now allowable.

It is respectfully submitted that the claims are in condition for allowance and favorable action is requested. No extension of time is believed to be required. However, in the event that an extension of time is required, please charge that extension fee to IBM Corporation's Deposit Account Number 09-0466. Also, please charge the fee of \$334.00 for four (4) additional independent claims to IBM Corporation's Deposit Account Number 09-0466.

Respectfully submitted,

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